



DEFENSE LOGISTICS AGENCY
THE DEFENSE CONTRACT MANAGEMENT COMMAND
8725 JOHN J. KINGMAN ROAD, SUITE 2533
FT. BELVOIR, VIRGINIA 22060-6221

AUG 29 1997

IN REPLY
REFER TO

AQOF

**MEMORANDUM FOR COMMANDERS, DEFENSE CONTRACT MANAGEMENT
DISTRICTS**

SUBJECT: DCMC Memorandum No. 97-040 Final Report of the Process Action Team (PAT) on Value Engineering (INFORMATION)

This is an INFORMATION memorandum. It expires in one year unless sooner superseded or rescinded. Target Audience: DCMC personnel involved in Value Engineering (VE) or in processing VECs.

References:

- a. DCMC Memorandum No. 97- 56, Use of Management Councils for Value Engineering (POLICY).
- b. DCMC Memorandum No. 97- 019, Expediting Implementation of Value Engineering Change Proposals (VECPs) (INFORMATION).

On September 17, 1996, the Principal Deputy Under Secretary of Defense (Acquisition and Technology) established a DoD-wide PAT to identify program manager and contractor barriers to VECs and to develop a long term action plan to remove or minimize those barriers. DCMC provided HQ DCMC, District and CAO participation in the PAT. The PAT identified barriers and developed an action plan for reducing or eliminating those barriers, thereby making the VEC a more attractive cost reduction tool. A copy of the report is available in the AQOF team part of the DCMC Homepage (http://www.dcmc.dcrb.dla.mil/TEAMINFO/AQOF/Eng_sof.htm). In the above referenced memorandums we have already discussed the implementation of some of the PAT's recommendations:

- a. The class deviation to the Federal Acquisition Regulation that provided flexibility to increase the sharing period and/or the sharing rate (ref a).
- b. The use of Integrated Process Teams to manage the VEC approval process (ref a).
- c. The rapid implementation of VECs after technical approval by issuing the modifications "unpriced" (like Undefined Contract Actions (UCAs) (ref b).

Implementation of the other PAT recommendations will continue. It is imperative that we continue our efforts to encourage contractor development and submission of VECs. This report is an additional indication that DoD views VECs as an effective mechanism to aid in the reduction of the total ownership cost of systems and equipment, while maintaining the high level of performance the user requires. Share this report with your contractors as a follow up to the discussions initiated at the Management Councils.

If you have any questions, please contact Mr. Aristides Maldonado (AQOF) at (703) 767-3355 or your District POC: Mr. Ross London (DCMDE) at (617) 753-4244; Mr. Ashraf Khan (DCMDW) at (310) 335-4253; or Mr. Robert Posthumus (DCMDI) at (703) 767-2783.



JILL E. PETTIBONE
Executive Director
Contract Management Policy